

INDUSTRY UPDATE

Biweekly Period Ending January 29, 2000

Phoenix Metro Area

Manufacturing

Intel Corp. officially announced that it would expand its computer-chip campus in south Chandler. The project will not only **create 1,000 high-paid jobs** over the next five to eight years, but give a boost to an already strong construction market. The \$2 billion fabrication facility will produce Intel's fastest chips from 12-inch silicon wafers, which will generate more than twice as many chips than currently possible using eight-inch wafers. Construction of the plant could begin as early as February, pending Chandler City Council approval, with completion expected within one year. (For more information, see Jan. 1, 2000, issue of *Industry Update*.)

A Minnesota-based maker of water-purification and fluid-filtration systems will **close its Phoenix operation by September**, laying off between 50 and 100 workers. **Osmonics**, which has 1,400 employees nationally, will offer Phoenix workers a chance to transfer to other company facilities or a severance package. The company said in early January it expected to report a loss of 5 cents a share for the fourth quarter.

Construction

With the cost of Valley land continuing to escalate, **developers are looking west** — more precisely, about 25 miles west of downtown Phoenix — to put together a range of projects. **Four projects** in various stages of development could lead to construction of about **50,000 homes** (and a correspondent 100,000 residents) in and around the farming town of Buckeye. Developer **DMB** is planning to turn **8,800 acres near Interstate 10 and Airport Road** into an

upscale community similar to its DC Ranch in north Scottsdale. To the south of the DMB project, a **2,500-home development** called **Blue Horizons** is under construction. North of DMB, **Lyle Anderson** is close to starting work on a **10,000-acre development** called **Festival Ranch**, which will include 13 golf courses (all designed by different professionals) and several master-planned communities. And **Del Webb**, known for its Sun City and Anthem communities, wants to put together a large development on the **west side of the White Tank Mountains** near the Sun Valley Parkway if it is able to secure state trust land. Closer to Phoenix, **Sunbelt Holdings** is paying \$24 million for land near McDowell Road and the future Loop 101 on which it plans to develop **1,000 single-family homes and 350 apartments**.

Trade

The future **Price Freeway (Loop 101) and Chandler Boulevard** is setting up to be a **major shopping intersection**. As noted in the previous *Industry Update*, work may begin as early as March on the Chandler Fashion Center, a 150-store mall on the southwest corner which will include three anchor stores (including the Valley's second Nordstrom) and a multiplex theater. Now, comes word that construction has already begun on a **50-store "power center"** on the northeast corner called **Chandler Festival**, which will include a Ross, Best Buy, and Lowe's home improvement store. All told, there will be 2 million square feet of shopping at this intersection, rivaling development at Chandler's other major shopping district — Interstate 10 and Ray Road. In addition, within a month two upscale motels — Residence Inn and Springhill Suites — will open their doors on the northwest corner, just east of a Michael's arts and crafts store

that opened more than a year ago.

About 15 miles north of this intersection, work is set to begin in June on a **\$100 million shopping center** called **Desert Ridge Marketplace**. **McCarthy Construction** will build the 1.2 million-square-foot development at Tatum Boulevard and Loop 101. The shopping center will include a Target Greatland, an Albertsons, and an AMC Theaters complex.

Services

National retailer **Target** joins an ever expanding list of companies that will have a **credit-card servicing center** in the Phoenix metro area. Minneapolis-based Target announced it will begin building in February a 96,000-square-foot call center near Interstate 10 and Warner Road. The credit-card operation, the second for Minneapolis-based Target, is expected to **employ between 500 and 600 people** beginning in September. No information was made available on the range of pay or the percentage of full- and part-time jobs.

Tucson Metro Area

Trade

East Broadway is becoming a hot retail market in Tucson. Best Buy and Cost Plus World Market are among three anchor stores planned for a **9½-acre shopping center** on east Broadway and Indian House Road. In development for two years, the shopping center is expected to open by the end of the year. The retail site sits across the street from **Park Place**, the newly remodeled Park Mall where **Dillard's** recently moved into a **205,000-square-foot building** that doubles the size of its former Park Mall location. The move was part of consolidation in Tucson by the national retailer, which is closing its El Con Mall store effective May 9. Dillard's will maintain its other store in the area at Tucson Mall.

Balance of State

Services

A year after opening for business, **Aegis Communications Group** is expanding its **call-center operations** in **Sierra Vista** by **200 full-time jobs** to handle additional contract work from USWest and American Express. Wages will range between \$7 and \$10 an hour. When complete, Aegis will have 700 permanent and 160 temporary employees at its Sierra Vista operation on Enterprise Way off the State Highway 90 bypass.

While the Aegis expansion is good news for Sierra Vista, a potentially more lucrative deal is literally "waiting in the wings." An **Arizona-based aircraft-maintenance and refurbishing company** has agreed to expand to the area and **create 400 good-paying jobs** if the city can convince the U.S. Army to part with 203 acres near the city's municipal airport. That's a big "if," however, because Sierra Vista has been unable to obtain the land for 15 years. City officials will seek approval from the Pentagon in March while attending a national convention in Washington D.C.

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